

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-002-E - ORDER NO. 94-940 ✓
SEPTEMBER 15, 1994

IN RE: Carolina Power and Light) ORDER APPROVING
Company - Semi-Annual Review) STIPULATION AND AGREEMENT
of Base Rates for Fuel Costs) AND SETTLEMENT AGREEMENT
) BETWEEN CP&L AND
) NUCOR STEEL

This matter is before the Public Service Commission of South Carolina (the Commission) on Carolina Power and Light Company (CP&L), the Consumer Advocate for the State of South Carolina (The Consumer Advocate), and Nucor Steel, a division of Nucor Corporation's, (Nucor's) joint request for approval of Stipulation and Agreement. This matter is also before the Commission on the Settlement Agreement Between Carolina Power and Light Company and Nucor Steel.

According to the Stipulation and Agreement submitted by CP&L, the Consumer Advocate, and Nucor, attached hereto as Appendix A, these parties agree as follows:

1. CP&L's fuel factor for the period of October 1, 1994 through March 31, 1995 shall be set at 1.400 cents per kilowatt hour.
2. CP&L's cumulative fuel expense recovery account shall be reduced by \$2,200,000.
3. Nucor will withdraw with prejudice its appeal of Docket No. 90-004-E.
4. This Stipulation covers all events, issues, circumstances, and outage time relating to the operation of any and all of CP&L's generating units on or before June 30, 1994 for fuel case purposes, and any other matters involving CP&L's fuel

expenses on or before June 30, 1994. This Stipulation also covers all events, issues, and circumstances regarding the appropriate fuel factor to be used by CP&L during the time period October 1, 1994 through March 31, 1995.

5. The parties will not advocate any disallowance of fuel expenses or the foregoing of unrecovered fuel expenses other than as agreed to herein for any time prior to and including June 30, 1994.
6. Except as specifically provided in this Stipulation, fuel expenses incurred by CP&L during the period July 1, 1993 through June 30, 1994 shall be fully recoverable by CP&L subject to the applicable provisions of the South Carolina Code and the Public Service Commission's Rules and Regulations.
7. By entering into this Stipulation, CP&L does not admit to having acted imprudently in any way regarding the operation of any of its generating facilities, nor do the other parties admit that CP&L has operated its facilities prudently.
8. Because this case is being resolved through compromise and settlement, no action by the Commission or any party in this proceeding, including this settlement agreement, and the Commission's Order approving said agreement, shall constitute precedent for purposes of future proceedings. As a result of this compromise resolution, all testimony and pending motions, discovery, etc., shall be withdrawn. If this Stipulation is approved, the parties waive any right of hearing in this case.
9. The parties agree that if for any reason the Commission does not adopt this Stipulation without modification or amendment, the Stipulation shall be null and void. Further, in such event, the parties shall have the right to litigate this proceeding fully without regard to anything contained in the Stipulation and any party may petition the Commission to reopen the proceeding to accept additional evidence without opposition from the other party. Absent the Commission's failure or refusal to accept this Stipulation without modification or amendment, this Stipulation shall be binding on all parties.

According to the Settlement Agreement between CP&L and Nucor, attached hereto as Appendix B, CP&L and Nucor agree as follows:

1. The only "additional facilities," as that phrase is used in the January 11, 1990 Service Agreement between CP&L and Nucor and in CP&L's Service Regulations, currently in service installed to serve Nucor, consist of a single 230/13.8 KV transformer installed by CP&L in 1993, to meet the electrical requirements of Nucor's new melt shop (any other "additional facilities" have been terminated with appropriate termination charges paid to CP&L);

2. The installed cost of this aforesaid transformer is \$450,000.00;

3. Effective after the billing period ending August, 1994, the entire monthly facilities charge assessed Nucor (for the aforesaid "additional facilities") shall be \$9,000.00;

4. CP&L shall provide Nucor with sixty (60) minutes' confirmed notice before a requested curtailment is to take place pursuant to CP&L's LGS-CUR-TOU-79A Rate Schedule;

5. Except for the changes set forth herein, the January 11, 1990 Service Agreement and the Memorandum of Agreement dated November 23, 1992 between CP&L and Nucor shall remain in full force and effect;

6. This settlement resolves all issues between CP&L and Nucor regarding all charges associated with the facilities installed by CP&L to serve Nucor; and

7. CP&L shall exercise its best efforts to obtain Public Service Commission approval of this settlement agreement and the revised Rate Schedule reflecting the aforesaid sixty (60) minutes' notice as soon as possible.

The Commission has thoroughly reviewed CP&L, the Consumer Advocate, and Nucor's Stipulation and Agreement and CP&L and Nucor's Settlement Agreement. The Commission finds and concludes that both documents should be and are hereby approved. Accordingly, it is ordered as follows:

1. CP&L's fuel factor for the period October 1, 1994 through March 31, 1995 should be set at 1.400 cents per kilowatt hour.

2. The allowable fuel expense for the period July 1, 1993

through June 30, 1994 shall be reduced by \$2,200,000.

3. Within ten (10) days of the receipt of this Order, CP&L shall file with the Commission rate schedules designed to incorporate the findings herein and an adjustment for fuel costs as demonstrated by Appendix C.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

STATE OF SOUTH CAROLINA

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 94-002-E

IN THE MATTER OF:

Semi-Annual Review of Base
Rates for Fuel Costs of
Carolina Power & Light Company)

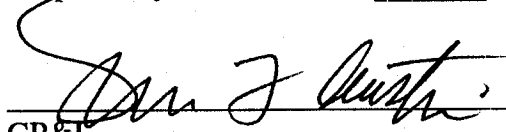
STIPULATION AND AGREEMENT

As a final compromise of this case, and South Carolina Public Service Commission Docket No. 90-004-E, Carolina Power and Light Company ("CP&L"), the Consumer Advocate for the State of South Carolina ("the Consumer Advocate"), Nucor Steel, a division of Nucor ^{Corporation} ~~Company~~ *up* *July* ("Nucor"), and the South Carolina Public Service Commission Staff ("Staff"), the parties to this proceeding, agree to the following:

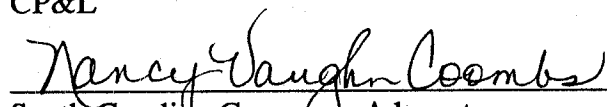
1. CP&L's fuel factor for the period October 1, 1994 through March 31, 1995 shall be set at 1.400 cents per kilowatt hour.
2. CP&L's cumulative fuel expense recovery account shall be reduced by \$2,200,000.
3. Nucor will withdraw with prejudice its appeal of Docket No. 90-004-E.
4. This Stipulation covers all events, issues, circumstances, and outage time relating to the operation of any and all of CP&L's generating units on or before June 30, 1994 for fuel case purposes, and any other matters involving CP&L's fuel expenses on or before June 30, 1994. This Stipulation also covers all events, issues, and circumstances regarding the appropriate fuel factor to be used by CP&L during the time period October 1, 1994 through March 31, 1995.
5. The parties will not advocate any disallowance of fuel expenses or the foregoing of unrecovered fuel expenses other than as agreed to herein for any time prior to and including June 30, 1994.
6. Except as specifically provided in this Stipulation, fuel expenses incurred by CP&L during the period July 1, 1993 through June 30, 1994 shall be fully recoverable by CP&L subject to the applicable provisions of the South Carolina Code and the Public Service Commission's Rules and Regulations.

7. By entering into this Stipulation, CP&L does not admit to having acted imprudently in any way regarding the operation of any of its generating facilities, nor do the other parties admit that CP&L has operated its facilities prudently.
8. Because this case is being resolved through compromise and settlement, no action by the Commission or any party in this proceeding, including this settlement agreement, and the Commission's Order approving said agreement, shall constitute precedent for purposes of future proceedings. As a result of this compromise resolution, all testimony and pending motions, discovery, etc., shall be withdrawn. If this Stipulation is approved, the parties waive any right of hearing in this case.
9. The parties agree that if for any reason the Commission does not adopt this Stipulation without modification or amendment, the Stipulation shall be null and void. Further, in such event, the parties shall have the right to litigate this proceeding fully without regard to anything contained in the Stipulation and any party may petition the Commission to reopen the proceeding to accept additional evidence without opposition from the other party. Absent the Commission's failure or refusal to accept this Stipulation without modification or amendment, this Stipulation shall be binding on all parties.

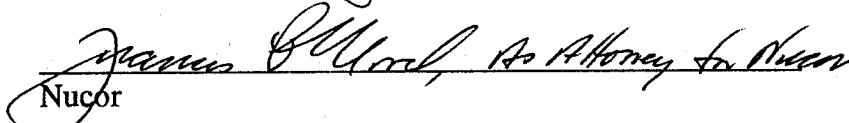
Respectfully submitted this _____ day of September, 1994.



CP&L



South Carolina Consumer Advocate



Nucor

Commission Staff

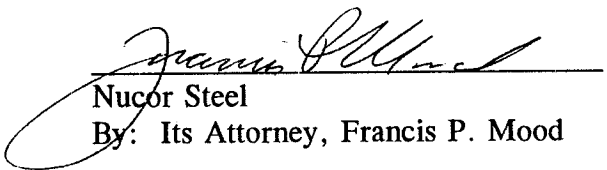
SETTLEMENT AGREEMENT BETWEEN CAROLINA POWER & LIGHT COMPANY
AND NUCOR STEEL

For and in consideration of the resolution of any and all disputes between Carolina Power & Light Company ("CP&L") and Nucor Steel, a division of Nucor Corporation ("Nucor"), regarding facilities charges required of Nucor and notice of curtailments to be given to Nucor by CP&L; and in further consideration of the stipulation and agreement entered into between the parties hereto in South Carolina Public Service Commission Docket No. 94-002-E, executed by both parties concurrently herewith,

Nucor and CP&L hereby agree as follows:


1. The only "additional facilities," as that phrase is used in the January 11, 1990 Service Agreement between CP&L and Nucor and in CP&L's Service Regulations, currently in service installed to serve Nucor, consist of a single 230/13.8 KV transformer installed by CP&L in 1993, to meet the electrical requirements of Nucor's new melt shop (any other "additional facilities" have been terminated with appropriate termination charges paid to CP&L);
2. The installed cost of this aforesaid transformer is \$450,000.00;
3. Effective after the billing period ending August, 1994, the entire monthly facilities charge assessed Nucor (for the aforesaid "additional facilities") shall be \$9,000.00;
4. CP&L shall provide Nucor with sixty (60) minutes' confirmed notice before a requested curtailment is to take place pursuant to CP&L's LGS-CUR-TOU-79A Rate Schedule;
5. Except for the changes set forth herein, the January 11, 1990 Service Agreement and the Memorandum of Agreement dated November 23, 1992 between CP&L and Nucor shall remain in full force and effect;
6. This settlement resolves all issues between CP&L and Nucor regarding all charges associated with the facilities installed by CP&L to serve Nucor; and
7. CP&L shall exercise its best efforts to obtain Public Service Commission approval of this settlement agreement and the revised Rate Schedule reflecting the aforesaid sixty (60) minutes' notice as soon as possible.

In witness whereof, the parties hereto execute this agreement this 9th day of September, 1994.



Nucor Steel

By: Its Attorney, Francis P. Mood



Carolina Power & Light Company

By: Its Attorney, William F. Austin

CAROLINA POWER & LIGHT COMPANY
Adjustment for Fuel Costs

APPLICABILITY

This adjustment is applicable to and is a part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission for the succeeding six months or shorter period:

$$F = \frac{E}{S} + \frac{G}{S_1}$$

Where:

F= Fuel cost per Kilowatt-hour included in base rate, rounded to the nearest one-thousandth of a cent.

E= Total projected system fuel costs:

(A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

(B) Purchased power fuel costs such as those incurred in unit power and Limited Term power purchases where the fuel costs associated with energy purchased are identifiable and are identified in the billing statement.

PLUS

(C) Interchange power fuel costs such as Short Term, Economy, and other where the energy is purchased on economic dispatch basis.

Energy receipts that do not involve money payments such as Diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

MINUS

(D) The cost of fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as Diversity energy and payback of storage are not defined as sales relative to this fuel calculation.

S = Projected system kilowatt-hour sales excluding any intersystem sales.

G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S₁ = Projected jurisdictional kilowatt-hour sales for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

The fuel cost (F) as determined by Public Service Commission of South Carolina Order No. 94-940 for the period October 1, 1994 through March 31, 1995 is 1.400 cent per kilowatt-hour.

DISSENT OF COMMISSIONER C. DUKES SCOTT CONCURRED IN BY
CHAIRMAN RUDOLPH MITCHELL AND VICE-CHAIRMAN GUY BUTLER

DOCKET NO. 94-002-E CAROLINA POWER AND LIGHT COMPANY

This is a respectful dissent from the decision of the majority in this matter to the extent that it approves, without an evidentiary hearing, the "Stipulation and Agreement" ("the Agreement") entered into between Carolina Power and Light Company ("CP&L"), the Consumer Advocate for the State of South Carolina ("the Consumer Advocate") and Nucor Steel, a division of Nucor Company ("Nucor").

When the Agreement was presented to the Commission, it was stated that the fuel factor of 1.400 cents per kilowatt hour (kwh), contained in the Agreement, is projected to result in CP&L collecting 1.9 million dollars in excess of the amount designed to recover, during the succeeding six months, the fuel costs for that period, adjusted for the over-recovery or under-recovery from the preceding six months period. (The excess amount may be referred to as an "overcharge" or "over-recovery amount".)

§58-27-865 of the South Carolina Code of Laws requires the Commission to conduct public hearings in accordance with the law. A hearing had been set in this proceeding prior to the execution of the Agreement. However, the hearing was not conducted as there was a Motion for a Continuance which was granted.

The Agreement was approved without any evidentiary support that the Agreement is in the public interest. The Order of the Commission approving the Agreement contains no finding that the Agreement is fair, reasonable and in the public interest because there is no evidence on which to base such a finding. At the very minimum, an evidentiary hearing should have been held whereby the Parties could have provided the Commission with reasons why the Agreement should be approved. Notably absent from the Agreement is the signature of the Public Service Commission Staff. (The first paragraph of the Agreement states, inter alia, "...the South Carolina Public Service Commission Staff ("Staff")... agree[s] to the following:" However, no signature from an authorized Staff member appears on the Agreement.)

There is no competent evidence before the Commission as to what possible justification there could be for potentially overcharging the customers of CP&L during the next six months. Although the principal amount of any over-recovery can be returned to the customers, there is no way to repay the customers for the loss of use of the \$1.9

DISSENT
DOCKET NO. 94-002-E
PAGE THREE

million; i.e., the time value of their money is lost. Also, any customer who moves off the system will not be able to recover any overpayment at all.

Some legally admissible and competent evidence should be received as to why such a potential over-recovery should be approved. The approval by the Commission is without any evidence in support of the decision. The statement made during the meeting basically was that there could be an over-recovery and this was in response to a question from one of the Commissioners.

We have not conducted public hearings in accordance with the law. The rate approved exceeds an amount designed to recover, during the succeeding six months, the fuel costs appropriate for that period, adjusted for the over-recovery or under-recovery for the preceding six month period. There may be reasons for approval, but there are none of any record of this Commission.

Although Section 58-27-865(F) does authorize the Commission to promulgate regulations which, inter alia, "... minimize abrupt changes in charges to consumers", no such regulations have been promulgated. Also, there is no evidence of any potential abrupt changes because there was no hearing.

DISSENT
DOCKET NO. 94-002-E
PAGE FOUR

This dissent is not necessarily an indictment of the Agreement itself nor a call for its immediate disapproval. The dissent merely attempts to illustrate that there are issues here which should have been thoroughly probed by the Commission in a public hearing which could have been held expeditiously and without an unreasonable delay. Simply stated, we should have complied with the clear mandate of the Statute and held a hearing where the reasons for the potential over-recovery could be explored and a decision made in the public interest based on a record of evidence and on the law.

This dissent does not apply to the "Settlement Agreement Between Carolina Power & Light Company and Nucor Steel".

Respectfully submitted,

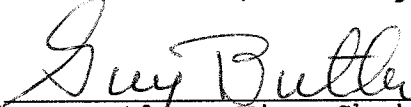


C. Dukes Scott
Commissioner, Second District

WE CONCUR IN THE DISSENTING OPINION:



Rudolph Mitchell, Chairman
Commissioner, At-Large



Guy Butler, Vice-Chairman
Commissioner, Third District